Arnold Schwarzenegger, Governor

The California Managed Risk Medical Insurance Board
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July 7, 2010

California
Pre-Existing Conditions Insurance Plan (PCIP)
Vendor Solicitation

Administrative Vendor Services (Part I)
Third Party Administrator Services (Part II)

Purpose of the Solicitation

The Managed Risk Medical Insurance Board (MRMIB) is seeking proposals from potential vendors to assist in the development and administration of California's Pre-Existing Conditions Insurance Program (PCIP). The PCIP is a federally funded program established in H.R. 3590, the Patient Protection and Affordable Care Act (Public Law 111-148), hereafter referred to as the Affordable Care Act (ACA), to provide temporary health care coverage for persons with pre-existing conditions, as a transition to the broader market and health care reforms scheduled to take effect January 2014.

Through this Solicitation, MRMIB seeks proposals for vendors to provide services in two parts -- Administrative Vendor (AV) services and Third Party Administrator (TPA) services as outlined in Part I and Part II of this Solicitation respectively. MRMIB is seeking proposals from administrative vendors and third party administrators interested in partnering with the State to provide coordinated and streamlined administrative support for the new California PCIP.

MRMIB is interested in selecting no more than two vendors to provide all PCIP services identified in this Solicitation. MRMIB will consider potential contractors as follows: 1) Two separate vendors that assume responsibilities for the AV and TPA services respectively, OR 2) One vendor that assumes responsibilities for both the AV and TPA services. Potential vendors may submit proposals for either Part I or Part II or for both parts. MRMIB will not contract with more than two primary vendors for the PCIP.

Background

On March 23, 2010, the President signed the Affordable Care Act. Section 1101 of the Affordable Care Act establishes a "temporary high risk health insurance pool program" to provide health insurance coverage to currently uninsured individuals with pre-existing conditions. The Affordable Care Act authorizes the federal Department of Health and Human Services (DHHS) to carry out the program directly, or through contracts with States or private, nonprofit entities. DHHS has stated a preference to contract with states that are willing to administer the program. For states that choose not to operate the program the federal government is required to establish a high risk pool to serve eligible persons in those states.

The federal high risk pool is a temporary program scheduled to be eliminated as of January 2014 when other elements of health care reform become effective. States will need to participate in DHHS' plans to transition individuals enrolled in the temporary high risk pool to other coverage, including the Health Benefit Exchange, which is scheduled to become operational at that time.

On April 2, 2010, DHHS issued a letter to governors and state insurance commissioners asking each State to indicate its interest in participating in this temporary high risk pool program. On April 29, 2010, Governor Schwarzenegger notified Secretary Sebelius of his intention to have California administer the program at the state level.

DHHS released a Solicitation for states governing state applications to operate a high risk pool, the full text of which can be found at: http://www.hhs.gov/ociio/initiative/ and a model contract for states. The model contract is currently undergoing modifications by DHHS based on consultations with states interested in contracting to operate the federal program.

On June 29, 2010, the Governor signed legislation (SB 227 (Alquist), Chapter 31 of 2010 and AB 1887 (Villines), Chapter 32 of 2010) authorizing MRMIB to establish and administer the new high risk pool program, contingent on a contract with DHHS and receipt of adequate federal funding for the program, and requiring that no state funds are spent for the program. This Solicitation is being released by MRMIB pursuant to and in compliance with SB 227 and AB 1887, and consistent with the requirements of the Affordable Care Act and the federal Solicitation and related documents for states to operate the PCIP at the state level.

Solicitation Timeline

The following timeline is provided for information and planning purposes but any change in the selection and implementation schedule, and the selection process, is at the discretion of the MRMIB. MRMIB intends to fully implement coverage in the PCIP at the

earliest practical date.

MRMIB proposes the following schedule to accomplish that goal:

July 7, 2010	Vendor Solicitation released
July 12, 2010	In-person proposed vendor conference for potential AV and TPA vendors
July 15, 2010	Vendor Questions and Answers posted to the MRMIB website
July 21, 2010	Solicitation responses due to MRMIB office by noon
August 5, 2010	MRMIB directs staff to negotiate contract terms with initially designated vendor or vendors
August 2010	Applications available to potential subscribers
September 2010	Coverage begins in California PCIP

MRMIB has also set the goal that proposed administrative vendors and third party administrators have the capability to provide fully operational administrative support for the PCIP no later than August 2010 and begin administering coverage no later than September 2010.

General Provisions

1. Reference Documents

   In addition to the requirements and specific requests for information contained in this Solicitation, all interested entities seeking to provide AV or TPA vendor services for the PCIP should be familiar with and refer to the following background documents and materials located on the MRMIB website at www.mrmib.ca.gov :

   a) Section 1101 of the Affordable Care Act (HR 3590);
   b) California enabling statutes, SB 227 (Alquist), Chapter 31 of 2010 and AB 1887 (Villines), Chapter 32 of 2010);
   c) Federal Solicitation for State Proposals to Operate Qualified High Risk Pools;
   d) California's Response to the Federal Solicitation to Operate a Qualified High Risk Pool
   e) Federal model contract for states to operate a Qualified High Risk Pool

2. Funding

   The ACA authorized funding for the temporary PCIP Program in the amount of $5 billion, with an allotment of $761 million for California. The federal government has also indicated that after two years, it will review state expenditures and reallocate unspent state funds to states that have expended their allotments. No funds are available for the administrative vendor and third party administrator until the PCIP program becomes operational. The California PCIP will be funded entirely with federal funds available and subscriber premiums. There are no state funds available for the PCIP.

3. Vendor Availability

   It is preferred that selected vendors have offices in California for the purposes of onsite reviews, audits, meetings and collaborations with MRMIB staff.

Proposed Vendors' Conference

The proposed vendors' conference will be held on July 12, 2010 from 10:00 a.m. until noon and from 2 p.m. to 4 p.m in the 1st floor Auditorium at City Hall, 915 I Street, Council Chamber/Room CH1103, Street, Sacramento, California. At the proposed vendors' conference, MRMIB staff will review the Solicitation and answer questions from interested parties and potential vendors. The session from 10 a.m. to noon will be devoted to matters related to the administrative vendor portion of the Solicitation; the session from 2 p.m. to 4 p.m. will be devoted to matters related to the third party administrator portion of the Solicitation. MRMIB will document significant questions and responses from the potential vendors' conference, which may include answers to other questions received following the release of this document, and will make questions and responses available on July 15, 2010 at the MRMIB website at www.mrmib.ca.gov.

Proposal Submission

After the release of the Solicitation and prior to the final date for submission of proposals, interested vendors and administrators may contact MRMIB to discuss the potential vendors' and administrators' approaches to the tasks described. Proposed vendors are encouraged to suggest improvements to the program administration and service levels that enhance the quality, effectiveness and efficiencies of the PCIP including, but not limited to, technological improvements to the administrative service levels outlined in the Solicitation. The proposed vendor should identify, and inform MRMIB of any functions or services not identified in the Solicitation which the proposed vendor believes is desired or required to provide all functions necessary to implement and operate the PCIP.

Please ensure that all contacts regarding the PCIP Solicitation are made to the MRMIB contact person. The MRMIB contact person for this solicitation is:

Janette Casillas
Chief Deputy Director
Managed Risk Medical Insurance Board
1000 G Street, Suite 450
Sacramento, CA 95814
(916) 324-4695 Telephone
(916) 327-6560 Fax
jcasillas@mrmib.ca.gov E-mail address

All proposed vendors are required to submit complete proposals as defined below. This packet contains the necessary information to prepare a proposal in response to this Solicitation. Entities wishing to submit a proposal must assure that ten (10) separately bound copies of their proposal are received at the MRMIB offices described below no later than noon on July 21, 2010. Deposit with the Postal Service and/or postmark is not sufficient proof of timely delivery. Late submissions will not be accepted. Entities shall promptly transmit an e-version of their proposal upon request by MRMIB

The Master Set of the proposal shall contain original signatures. The additional copies shall contain photocopies of signatures. Each proposal shall be submitted in one binder. Proposals shall be submitted three-hole punched.

A complete proposal shall be no more than one hundred and fifty (150) one-sided pages, exclusive of attachments, for vendors submitting responses for Part I or Part II and no more than three hundred (300) one-sided pages, exclusive of attachments, for vendors submitting a combined proposal. A complete proposal will contain:

1. A cover page signed by a person authorized to bind the organization;

2. A completed Administrative Vendor Fact Sheet (Part I) and/or Third Party Administrator Fact Sheet (Part II);

3. Descriptive narrative and contact information for contracts where the proposed vendor performs similar scope of work, in terms of size and complexity, to the solicitation requirements; and

4. Identification of any submitted materials the potential vendor considers to be of a proprietary nature, if any.

The materials submitted by proposed vendors will be kept confidential to the extent provided by law.

Submission of a response to this Solicitation signifies the proposer's commitment to negotiate and promptly respond throughout the course of negotiations with a goal to produce and execute a contract by September 1, 2010. There will be no reimbursement for costs associated with the preparation, submission or requested clarification of any proposal.

MRMIB reserves the right to negotiate terms and conditions of the contract(s) which may differ from the terms of this Solicitation.

Proposals must be sent to:

Managed Risk Medical Insurance Board
Attn: Gina Van Ness
1000 G. St, Suite 450
Sacramento, CA 95814

Vendor Selection Process

Proposal submissions will be reviewed in their totality. MRMIB is not required to select the lowest priced proposal submitted. **MRMIB will select one or two vendors based on its assessment of the best overall value to the State.** The final decision is at the sole discretion of MRMIB.

MRMIB may elect to enter into discussions with one or more proposed vendors should discussions or negotiations with one or more vendors (including, but not limited to, any initially designated vendor prior to execution of the contract for PCIP administration) not progress within anticipated timeframes or for any other reason within the sole discretion of MRMIB.

Contracting Process

Enabling statutes exempt the MRMIB from all provisions of state law related to competitive bidding. The State is committed to assuring a fair, open, and rigorous competition for the award of these contracts and will use a competitive negotiation process to select an administrative vendor and third party administrator for the PCIP Program services. **The competitive negotiation process is not a Request for Proposals (RFPs)**. Rather, it is a dynamic competitive process through which MRMIB can evaluate and test, through a negotiation process, the strengths and weaknesses of vendors/administrators and their proposals, and make a final selection based on the criterion listed above. The goal of the process is to negotiate the maximum levels of service available for a competitive price.

In the competitive negotiation process, all proposed administrative vendors and third party administrators are encouraged to offer their best method of how to provide the State's desired outcomes that meet federal requirements and make use of their best individual business practices and/or to take advantage of other technological or business solutions not identified by the State. The State reserves the right to accept proposals as submitted. The State reserves the right to reject a part or all of a proposal. The State also reserves the right to reject all proposals.

Proposed vendors may be asked to enter into negotiations with the MRMIB, to discuss and provide further information on any business practices and/or technological or business solutions proposed by the vendor or the State, changes in proposed service levels and/or price, and/or improvements to the vendors' submitted proposal, including the service levels described in this Solicitation. MRMIB will conduct an analytical review and evaluation of each vendor and administrator proposal consistent with the selection criterion described in this Solicitation. MRMIB is the sole judge of proposed methods for achieving desired contractual outcomes.

It is expected that the final AV and TPA contracts will contain performance standards and liquidated damages for non-performance. Performance will be monitored monthly and performance results will be shared with the public. The selected AV and TPA vendors will be required to have senior management staff at each Board meeting to respond to questions regarding the vendor's or administrator's performance and program administration.

Prospective Contractors may subcontract with other entities to provide services under this contract (e.g., contracted provider network, pharmacy benefits management, etc.). Any and all subcontracts entered into by the Contractor for the purpose of meeting the requirements of this contract are the responsibility of the Contractor. MRMIB will hold the Contractor responsible for assuring that subcontractors meet all the requirements of the negotiated contract for services pursuant to this Solicitation.

The selected administrative vendor and third party administrator may be expected to enter into letter(s) of intent concerning the implementation of the PCIP pending the execution of contract(s). It is anticipated that the initial designation of vendors to perform the TPA and AV functions, for purposes of focused contract negotiations, will be made at the August 5, 2010 Board meeting.

Any contract with the vendor or vendors will be contingent upon DHHS' approval of the State's response to the Federal Solicitation for State Proposals to Operate Qualified High Risk Pools and the execution of a contract between DHHS and MRMIB to operate the High Risk Pool.

General Requirements and Contract Terms

MRMIB reserves the right to include contract provisions that are in addition to or different from the elements of this Solicitation. Contract terms will be defined by MRMIB consistent with state and federal law and the requirements of California's contract with the federal DHHS for operation of the PCIP. Potential vendors will be expected to enter into all related contracts with other entities as required to perform the vendor's work.

Contract Period

The contract period shall be consistent with the contract between MRMIB and DHHS. It is anticipated that the contract will include a start-up period of performance that will run from a date to be determined until December 31, 2010, which will be referred to as the contract Base Period. Thereafter, it is anticipated that the first full year term will commence January 1, 2011, through December 31, 2011. It is anticipated that there will be two additional option periods which will run January 1, 2012, through December 31, 2012, and January 1, 2013, through December 31, 2013. There will be a final option, which will be referred to as the contract closeout period, which will run from January 1, 2014 through June 30, 2015. All terms and conditions applicable to the base period shall extend to the option periods unless otherwise mutually agreed upon by the State and the Contractor.

Benefit Year

It is anticipated that, except for the period from September 1, 2010 through December 31, 2010, the Benefit Year under the PCIP will be a calendar year beginning January 1 and ending December 31.

Part I:

Solicitation for Administrative Vendor (AV) Services

The contracted administrative vendor (AV) will have responsibility for eligibility and enrollment services, billing and premium collection and coordination, operation of first-line customer service functions, first-level appeals of eligibility determinations, outreach, administration of an independent external review of adverse coverage decisions made by the TPA and coordination with the contracted TPA on program operations and communications.

Anticipated AV Tasks and Services

California is seeking vendors who will assist MRMIB in delivering cost-effective, quality health care services to subscribers enrolled in the California PCIP. In preparing responses to this Solicitation, please review and consider the federal requirements anticipated in the federal Solicitation for States to Operate Qualified High Risk Pools and the requirements outlined in the draft model federal Contract to Operate a Qualified High Risk Pool which will form the basis of California's contract with the federal DHHS.

Estimated fees should include the full cost of AV services with supporting detail for the tasks and services listed below, as well as other tasks associated with AV services for the PCIP. MRMIB anticipates that the AV will provide a full range of services to administer the PCIP, including but not limited to:

1. Mailroom, image and key data entry of all applications and correspondence;
2. Screen applications for completeness and determine eligibility for the PCIP;
3. Resolve determinations on program eligibility through liaison staff to coordinate screening discrepancies with the Major Risk Medical Insurance Program (MRMIP);
4. Establish and maintain overnight courier service for forwarding applications of persons who are seeking or may be eligible for California's high risk pool, the MRMIP;
5. Operate a toll-free telephone line for PCIP which includes staffing by trained bilingual staff and provisions for hearing impaired individuals to communicate via telephone connected to a keyboard and screen;
6. Establish, maintain and enhance the PCIP administrative data systems;
7. Establish and maintain an FTP server to facilitate the transmission of program data through data transactions that comply with provisions of the Health Insurance Portability and Accountability Act (HIPAA) ;
8. Transmit, update and periodically reconcile enrollment and premium data that is sent to the PCIP TPA;
9. Coordinate seamless transfer of subscriber concerns and inquiries regarding benefits and health care services to the TPA;

10. Administer an Independent External Review (IER) of medical necessity determinations made by the contracted TPA;
11. Establish, update and maintain online eligibility verification system for access by the TPA;
12. Administer premium billing, collection and periodic reconciliation;
13. Administer enrollment and disenrollment processes for PCIP subscribers, including first-level appeals of eligibility, enrollment and disenrollment determinations;
14. Develop, design, translate, print and image all program correspondence in required languages;
15. Develop, update and maintain the PCIP Network Information Service with information on network providers, in coordination with the TPA, which will have primary responsibility for providing updated information on PCIP network providers;
16. Develop, design and maintain the PCIP interactive web site;
17. Provide daily customer service, including responding to and resolving questions on program enrollment and eligibility, application status, program billing, and eligibility appeals from applicants, subscribers and other authorized representatives, and administering seamless transfer of first-level benefit and coverage appeals to the TPA;
18. Develop and maintain the automated PCIP application processing and screening systems, including any other State specified applications;
19. Maintain and update program records, including complying with federal records retention requirements imposed on the State;
20. Provide telephone application assistance and preprinted applications for program applicants;
21. Establish and maintain a quality measurement process to measure the quality of administrative services provided;
22. Establish and maintain fraud prevention procedures and monitor potentially fraudulent activities;
23. Establish and maintain internal and outsourced audit processes;
24. Meet federal and state administrative performance and quality standards;
25. Develop, design and implement PCIP outreach and marketing activities;
26. Establish, maintain and administer application assistance payments, which, at a minimum, will include payments to insurance agents and brokers for successful PCIP enrollments, as determined by MRMIB; and,
27. Consistent with pending federal guidelines and requirements, work with MRMIB to manage the transition process for moving all PCIP subscribers into available health coverage options at the conclusion of the PCIP, currently scheduled for January 2014; and,
28. Attend conference calls with the federal government and Board meetings as requested by the State.

Administrative Vendor Fact Sheet

(To be completed by all AV proposers)

Please answer each inquiry clearly and completely. Responses should be concise and to the point. When responding to the fact sheet, repeat each inquiry asked and then respond directly. Please do not refer to other source documentation in lieu of responding to inquiries.

If you are unable to answer an inquiry, please indicate why you cannot. Additionally, if you are unwilling to disclose the particular information requested, please indicate your reasons. If there is additional relevant information or documentation that you feel would aid MRMIB in the selection process, please provide that information separately when appropriate. Please do not list specific page number references. Your response to this Part may not exceed 150 single sided pages exclusive of attachments.

MRMIB reserves the right to request additional information and/or clarification from proposer vendors and to utilize a vendor's proposal responses to this questionnaire as an indication of the vendor's internal processes and procedures.

All services provided by the AV contractor must comply with applicable state and federal laws. Please review and take into consideration requirements that are likely to be imposed on the State of California in its contract with the federal DHHS, as outlined in the federal Solicitation for States to Operate a Qualified High Risk Pool, and the draft Model Contract to Operate a Qualified High Risk Pool and California's response to the solicitation available on the MRMIB web site at: www.mrmib.ca.gov.

A. Proposal Overview and Summary

Please provide a basic summary and description (no more than 3 pages) of the program overview and organizational design you are proposing to perform the AV functions, including a general schematic of program functions and responsible departments and/or subcontracting partners.

B. Basic Organizational Background and Information

1) Core Business Description

Describe your organization's core business. When and where was your organization founded? Where is the current headquarters of your organization and the locations of other business location(s) in California? How is your organization licensed in California? Describe the type of license and the regulatory agency that issued the license. Is your organization ISO 9000 Certified for Quality Management Systems

(Specify whether certification is for entire organization or specific projects)?

2) Ownership and Organizational Structure Description

Describe your ownership and organizational structure (parent companies, affiliates, profit/not-for-profit status, subsidiaries, etc.) Also indicate, within the organizational structure, which division will be responsible for the successful implementation and operation of the PCIP administrative vendor services.

3) Financial Stability Description

Describe the financial stability of your organization. Submit as an attachment the financial stability statement incorporating the data described below for the past three full corporate fiscal years.

If your organization is a subsidiary of any other legal entity and the financial resources of the parent corporation are required or referenced to qualify the subsidiary for competition under this procurement, the financial stability submission requirements for this section shall apply to the parent corporation as well as the proposer. If there is more than one parent corporation, this section shall apply to all parent corporations including the ultimate parent corporation.

Provide the following items for each organization, parent company, affiliate and subsidy described above in #2:

a) Annual report and annual certified financial statements for the past three fiscal years, accompanied by a report, certificate, or opinion of an independent certified public accountant or independent public accountant.

b) All public interim financial statements for the interim period from the end of the last full fiscal year through June 30, 2010
c) A statement of all projected financial data for the calendar years 2010 through 2014. Proposer may use information which has been made available to any of its security or shareholders or the investment community, the Security and Exchange Commission, or similar institutions. This information shall be submitted in accordance with the Security and Exchange Commission guidelines for publicly traded companies. Provide the following items:

    i) The narrative description that includes: size computations, historical bases for estimates and projections, assumptions, contractual obligations (existing and anticipated), and related information for the next seven years predicated upon operation without the award of this contract.

ii) A projected pro forma financial statement and statement of changes in financial position for the next seven years predicated upon operation without the award of this contract.

iii) A detailed financial plan and proposed cash flow budget for the next seven years demonstrating the availability and source of sufficient funds to cover the proposer's projected operation costs without risk of insolvency were the proposer to provide the contractual services under the contract period.

iv) All management letters that accompany financial statements.

v) A statement of all significant contractual obligations that could have a material effect on proposer's financial status.

All financial data submitted in the Financial Stability Description in connection with the proposal shall be accompanied by a signed statement from the proposer's or parent corporation(s)'s chief executive officer and chief financial officer certifying that the data is current, accurate and complete.

4) Subsidiary Relationship Description

If the proposer is a subsidiary of another entity, the proposer must submit a guaranty from that entity providing for the full and prompt performance of all covenants, terms and conditions and contracts resulting from this Contract throughout its term. The guaranty shall be in a form satisfactory to the State and from a parent entity at a level in the chain of ownership that is acceptable to the State.

5) Organizational Experience and Qualification Description

Describe in detail the proposer's experience that qualifies the proposer to undertake and successfully complete the implementation and operation of the PCIP. Include in the description the proposers experience in the design, development, installation, and operation of a program similar to or comparable with the requirements specified in the solicitation. Include the names, addresses and telephone numbers of organizations that may be contacted as references for each type of business experience listed. Indicate the type of contract under which the work was performed, client size, number of transactions per year, and complexity and scope of the system.

6) Organizational Management and Staff Description

Describe in detail the management team and the number of full-time equivalent employees (FTEs) that are proposed in each of the divisions that would be responsible for providing the administrative services for the PCIP. Submit a

complete description and organizational chart of the management team that will be assigned to the contract, including all senior management positions that will be responsible for all administrative services contracted under this Contract. Proposer shall thoroughly describe the qualifications, experience and skills of the individual members of the management team for their proposed position titles.

7) Subcontractor Description

Describe in detail and specify which services, if any, are proposed to be subcontracted and identify the proposed subcontracting organization(s). Provide the State with a detailed background and history on the subcontracting organization(s), including information required in Items 1, 2, 3, 5 and 6 listed above.

8) Site Location Description

Identify the location where your organization would physically provide the administrative services for the PCIP. Please describe in detail the physical size of the facility and the appropriateness of site and location for providing the contracted administrative services, including the current ownership of the proposed facility.

9) Litigation History Description

Have any judgments been taken against your organization, or settlements of lawsuits entered into, in the last three (3) years? Have any other lawsuits been filed against your organization with respect to your administrative services contracts in the last three (3) years? Is there any other currently pending litigation against your organization, regardless of filing date? If you have answered any of these questions in the affirmative, provide all identifying information, including court and case number for any lawsuit. For any lawsuit identified here, please describe the situation at issue, the current status, and the final outcome (if any). Please provide all relevant dates, such as filing date and date of judgment or settlement.

10) Bicultural and Bilingual Communication Description

Describe your organization's approach, experience and ability to effectively communicate with the culturally and linguistically diverse California population. Provide specific information regarding the following languages: English, Spanish, Chinese (Cantonese and Mandarin), Korean, Vietnamese, Cambodian, Hmong, Russian, Armenian and Farsi.

11) Mail Operations and Management Description

Provide a detailed description of the proposed methods of operating and managing the program mail functions, including but not limited to mail operations (incoming

and outgoing); inventory; inventory control process; number of management levels; and the number of employees for each level, including quality control and support staff levels.

12) Administrative and Management Description of Proposed Administrative Services

Provide a detailed description of the proposed methods of operating and managing the administrative services requirements contained in your PCIP proposal. Explain the proposer's comprehensive approach to providing the administrative services and the benefits to the proposed approach.

C. AV Proposal Detail

Please describe in detail the Proposer's approach and how you will provide the anticipated AV tasks and services listed above, consistent with the federal Solicitation for States to Operate A Qualified High Risk Pool and the federal model Contract to Operate a High Risk Pool. Include specific information and detail on your experience in providing the anticipated AV tasks and services.

Within 10 days of a request from MRMIB staff, initially selected vendors will be required to submit an implementation plan for the operation of the high risk pool. Selected AV vendors will participate in regular meetings with MRMIB staff (progress meetings) to track and monitor progress on the implementation plan and project deliverables.

Please submit with the proposal a Schedule and Work Plan that addresses the specific activities to implement the PCIP. A completed Schedule and Work Plan includes information on the following:

1) Personnel;
2) Facilities Acquisition and/or Installation;
3) Program Data Systems (Operating System/Software Installation);
4) Hardware and Equipment Acquisition and Installation;
5) Customer Service;
6) Systems and Acceptance Testing Plan;
7) Transition Plan; and,
8) Security, Disaster Recovery and Contingency Plan Outline.

After submission of these documents with the proposal, the State may require the proposer to modify the Work Plan and Schedule prior to submitting contract selection recommendations to the Board. The final State-approved Schedule and Work Plan will become attachments to the Contract.

In preparing the AV Work Plan and Schedule, the Proposer is required to consider all implementation, operation, and transition activities required of the PCIP consistent with

anticipated federal requirements. The State requires the selected proposer to execute an orderly implementation of the administrative vendor operations to the standards specified in the solicitation and in accordance with federal requirements through the transition activities detailed in this enclosure.

Please provide the following detailed information:

A. SCHEDULE

The MRMIB intends to commence coverage in the PCIP as soon as feasible but no later than September 2010. Please indicate your ability to comply with this schedule. The date for commencement of operations will be included in the final vendor contract.

Please provide the overall timeline for implementing AV services for the PCIP that includes a Critical Path Analysis (Gantt Chart or equivalent) for all major tasks, activities, deliverables, milestones, and targeted completion dates for all activities. The timeline must conform to the Work Plan. As a starting point, please include, at a minimum, all key deliverables included in the chart at the end of this fact sheet. The timeline should assume a target date for initial vendor selection of August 5, 2010 and completion of critical core implementation activities for the PCIP services by September 2010.

B. PERSONNEL

Provide a narrative description of proposed personnel recruitment, hiring and training activities in two sections as outlined below. Early progress meetings will require the AV vendor to report on the number of staff who have reported and, separately, the number of staff who have accepted job offers.

1) Personnel Recruitment and Hiring

   Describe the method of recruitment and selection of staff to prepare the Contractor for implementation and full operation of the PCIP administrative services. In addition to a narrative discussion, the personnel information should include a Staff Loading Chart and timeline broken down by functional area and separate implementation and/or operational phases. Specifically include the following information:

   a) A chart showing the number of staff to report to work on this contract by month and classification, including the number of staff to be physically located in California;

   b) The method of hiring PCIP services operations staff, including sources of recruitment and numbers employed, by functional area; and,

c) An explanation, including specific actions to be taken, of how the Contractor will assure the State that sufficiently trained English speaking and bilingual staff are available to support all implementation and Operation requirements.

2) Personnel Training

Describe how proposer intends to provide training that is specifically designed to ensure that staff can adequately perform responsibilities as required by the solicitation and which comply with federal requirements. The narrative shall include a description of how proposer plans to accomplish the training requirements. After the Contract effective date, the selected vendor will be required to submit an updated and comprehensive training manual for State review.

C. FACILITIES PLAN

Describe the facilities and space proposer will use to provide PCIP AV services, including the planned usage of space for the operation of the PCIP services during implementation and after assuming full operational responsibilities. The facilities plan should include narrative descriptions, supporting documentation, installation schedule, and timeline that will correspond to the critical path analysis in the Schedule and Work Plan. Include the following information in the facilities plan:

1) Location of the proposer's facilities, including temporary facilities, if applicable. Proposer shall, at a minimum, provide a guaranteed option on the facilities including the name, address, and telephone number of the leasing or selling agent for contact by the State;

2) MRMIB staff values vendor proximity to facilitate monitoring of program start-up and implementation, onsite audits and ongoing staff oversight of the program. If facilities are not planned in proximity to the Sacramento area, please describe how proposer will facilitate and ensure the ability of MRMIB staff to conduct onsite program oversight (especially during development and early operations stages) and provide assurance that executive management can be available in person at the MRMIB office within 24 hours;

3) A detailed description of the auxiliary power capacity for proposer's physical sites and the operational capacity, the time it would take for these auxiliary systems to be operational and the duration for which these systems could function in case of power outage;

4) Certification that the proposer has verified that electrical, telecommunications, and phone service can be provided to the proposer facilities and onsite State offices in order to adequately support PCIP system(s) operations;

5) Until the permanent facility is ready for functional occupancy, PCIP services implementation activities may take place in temporary facilities. Until the permanent facility is ready for functional occupancy, the selected proposer shall have available sufficient space to perform its implementation activities including all testing and staff training responsibilities.

D. PROGRAM DATA SYSTEMS PLAN

Describe how the proposer will develop and provide a detailed description which includes flowchart(s), assumptions and interdependencies for the proposed configuration of the overall program data system, including hardware, software/operating systems, communication networks, program system components, integration of each component, and reporting system capabilities which correspond with the critical path analysis and describes the proposer's ability to meet the Contract requirements.

Describe how the proposer's program data systems will comply with the Solicitation and federal requirements related to eligibility determinations (citizenship and immigration status, residency, period of uninsurance); disenrollment process; premium billing and collection; enrollment data transactions and reconciliation; and fraud prevention.

1) The Proposer shall provide complete, written documentation of operating systems for PCIP for the State's review within ten (10) calendar days of the request from MRMIB staff following the selection date. This documentation shall include:

   a) General Systems design,

   b) Detailed Systems design including hardware/software configuration,

   c) Report Descriptions Documentation,

   d) Screen Descriptions Documentation,

   e) Computer Operations Procedures,

   f) Third Party Maintenance Contracts,

   g) Source Code Maintenance; and,

   h) Information Security Protection.

E. HARDWARE AND EQUIPMENT ACQUISITION AND INSTALLATION

Describe how the proposer will develop and provide for hardware and equipment acquisition and installation. The proposer shall describe the on-site and off-site hardware/equipment requirements and its installation plan to support the development, operations and transition phases of the contract.

F. CUSTOMER SERVICE

Describe how the proposer will develop and operate the PCIP Customer Service. Include a written narrative description of all proposed activities specified in the Solicitation and DHHS PCIP model contract as they relate to customer service, including but not limited to administering a customer call center, specific hours of operations, staffing levels, and coordination with the TPA for seamless transfer of subscribers with benefit or health care service inquiries.

Describe how proposer will respond to and anticipate problems (including staffing), and include contingency planning in the event the level of staffing during implementation proves inadequate for the proposer to meet all of its contractual requirements. Provide information on proposed customer service systems, including but not limited to:

1) A description of how the proposer shall ensure that the screening, eligibility and enrollment assistance functions are fully staffed with adequately trained personnel and are fully operational at the start of operations;

2) A description of how the proposer shall ensure that Customer Assistance, including the customer service call center with toll-free lines is fully staffed with adequately trained personnel and is fully operational at the startup of operations;

3) A description of how the proposer will ensure that all necessary telecommunication systems and equipment are installed and fully operational prior to startup of operations;

4) A description of how the proposer will ensure that applicant/subscriber inquiries and notification for denied PCIP enrollment requests process are operational at the start of the program;

5) A description of the proposed first-level appeals and reconsideration process for enrollment, eligibility and disenrollment determinations, including appropriate and timely notice to applicants/subscribers of the right to appeal and specific details on how the appeals process will be implemented and staffed. Describe who will be responsible for conducting the appeals process and their specific experience and qualifications;

6) Describe how the proposer will provide or subcontract for an independent external review (IER) of adverse determinations and coverage decisions resulting

from the contracted third party administrator's utilization review process that, at a minimum, includes the consumer protections set forth in the Uniform External Review Model Act promulgated by the National Association of Insurance Commissioners in 2004, and amended in April 2010, which shall be binding on the contracted third party administrator. The proposed IER shall meet the standards of the NAIC model law, including but not limited to, complying with the definitions, timelines and notice requirements, expedited review procedures and criteria for selection of the independent review organization; and,

7) Describe how proposer will conduct marketing and outreach and describe any experience proposer has in conducting marketing and outreach for health coverage products. Describe how proposer would implement a payment system for application assistance, including at a minimum, payment to agents and brokers for completion of a successful enrollment application as determined by MRMIB.

G. SYSTEMS AND TESTING PLAN

Describe the proposer's processes and systems to be used for the PCIP application, eligibility, enrollment and customer service functions. Describe the method of testing all manual, clerical and operational systems for the PCIP services, including the activities and scheduled test dates corresponding to the Schedule and Work Plan, to ensure full functionality and ability to operate all systems at start-up. The selected proposer will be required to submit an updated Systems and Testing Plan that complies with all contract standards and system requirements within ten (10) days of the request from MRMIB staff.

The systems and testing plan should include but not be limited to the following:

1) Specific descriptions and timelines for all manual, clerical and operational systems, including all software programs and automated systems to be implemented, by AV functionality;

2) Detailed description of the Internet web site to be developed and implemented, the timeline and the functions and capabilities of the site;

3) A description of the timeline and process for developing policies and procedures to be implemented for PCIP AV functions;

4) A staff systems training and implementation timeline to ensure that supervisory, management and technical staff are knowledgeable regarding all manual and automated systems;

5) A systems testing plan and timeline for review and testing of all manual, clerical and operating procedures for the PCIP to ensure integrity with regard to standards and acceptable data processing techniques; ensure a smooth implementation and operation of the responsibilities of the PCIP services processing functions; ensure that the Contractor's operations of the PCIP services are ready for screening, eligibility and enrollment processing at the start of operations; Identify where the PCIP services operations and processes do not conform to MRMIB/State policies and procedures in order to ensure prompt and timely correction of any system and operational process deficiencies. The systems testing plan shall include, but not be limited to:

   a) Detailed timeline for systems testing, validation, acceptance testing documentation and completion so that all proposer systems are tested with the same equipment, environment and procedures that will be used for full operations;

   b) System test documentation standards and specific criteria used in determining system success and testing completion;

   c) If any system will not be fully functional at start-up, a detailed plan and timeline for full functionality;

   d) Process of validating quality assurance and control procedures for setting accuracy and error levels, including the proposer's current accuracy and error standards and specific information on quality results based on those standards for at least one large client; and,

   e) Description of how the proposer will work with and integrate MRMIB staff in the development and testing of all AV functional systems and how the proposer will timely demonstrate to MRMIB that all systems will be fully operational and functional at program start-up.

The MRMIB expects and reserves the right to conduct an abbreviated State Acceptance Testing once the proposer has successfully completed and certified its System Testing results to the State depending on availability of time prior to the implementation date. State Acceptance Testing is to validate proposer's System Testing results to ensure full functionality and ability to operate all systems at start-up that are in compliance with Solicitation and federal requirements. The State reserves the right to reduce or expand the scope of State Acceptance Testing depending on the State's determination. The State may accept portions of the PCIP services Acceptance Testing and determine the need to continue Acceptance Testing on other portions after the start of PCIP operations.

H. TPA COORDINATION

The AV and the TPA will need to actively coordinate and collaborate on the implementation and program operations of the PCIP. MRMIB intends that program services and administration will be seamless and user-friendly for subscribers. Describe specifically how the proposer will coordinate with the TPA to:

1) Ensure a seamless transfer to the TPA of subscriber inquiries with concerns about benefits, coverage determinations or provider network issues;

2) Administer the IER and provide the TPA with results of Independent External Reviews;

3) Conduct periodic enrollment and premium reconciliations; and,

4) Transition subscriber to other coverage upon termination of the PCIP.

I. TRANSITION

Describe how the proposer will implement by January 1, 2013 a state-federal plan to transition program subscribers to other coverage consistent with the federal ACA. Include a written narrative that addresses specific assumptions and provide detailed, step-by-step transition procedures to successfully move all PCIP subscribers into their new coverage without any break in coverage. Note that the federal solicitation and model contract require the state to cooperate with DHHS in providing for the transition.

The Transition requirements and tasks to be addressed include, but are not limited to:

1) Planned activities and a schedule of events consistent with the program timeline and duration;

2) Quality Assurance procedures as well as a plan to ensure complete state review and acceptance of each procedure;

3) Strategies for coordination and communications linkages with public and private coverage programs which may be available to PCIP subscribers, including but not limited to Medi-Cal and the Health Information Exchange;

4) Handling applicant/subscriber inquiries and correspondence;

5) Implementing and maintaining records retention responsibilities;

6) Implementing and maintaining security and confidentiality responsibilities;

7) Maintaining sufficient staff resources to comply with all contract standards and requirements until the final termination of the program and the contract;

8) Producing required reports; and,

9) Any special proposer/subscriber services occurring during the transition period as required by the State.

J. SECURITY, DISASTER RECOVERY AND CONTINGENCY PLAN

Describe the proposer's Security, Disaster Recovery and Contingency Plan, which should include a brief summary of each key component that will be included in the Plan. The final plan will be submitted within ten (10) days of a request from MRMIB following vendor selection.

K. MATERIALS DEVELOPMENT AND PRODUCTION PLAN

Describe how the proposer shall develop and submit to the State for approval a Materials Development and Production Plan within ten (10) days of the request from MRMIB staff. Describe how the proposer will meet all of the materials and forms development requirements as specified in its proposal, in accordance with federal requirements and as directed by the State.

L. PROCEDURES DEVELOPMENT PLAN

Describe how the proposer shall develop and submit to the State for approval an operations procedure manual within ten (10) days of the request from MRMIB staff. Each procedure manual referenced in Procedure Manuals and Operations, shall be updated or developed, as needed. Each new or revised manual shall result in a deliverable requiring written State approval.

M. AUDIT PLAN

Describe how the proposer shall develop and provide an Audit Plan in accordance with state and federal requirements. This plan shall include projected billable audit hours that correspond to proposed audit projects and estimated expenses per year for the entire term of the contract. This plan shall also include the required internal audit functions

N. SCHEDULE: KEY ELEMENTS

The following chart contains key elements that must be included in the Schedule and Work Plan that is part of the AV proposal. It is also lists updates that will occur after the proposal submission.

Deliverable/Action To Take	Completion Interval (Based on an estimated 9/1/10 contract effective date)	Projected Due Date (Based on an estimated 9/1/10 contract effective date)
Personnel Update	update at progress meetings thereafter selection date	Beginning 8/12/10
Facilities Acquisition and Installation Update	update at progress meetings thereafter selection date	Beginning 8/12/10
Proposal Schedule*	6 weeks prior	7/21/10
Proposal Work Plan*	6 weeks prior	7/21/10
Personnel *	6 weeks prior	7/21/10
Facilities Acquisition and/or Installation *	6 weeks prior	7/21/10
Program Data Systems Description* Operating System/software written documentation	6 weeks prior 2 weeks prior	7/21/10 8/15/10
Hardware and Equipment Acquisition and Installation *	6 weeks prior	7/21/10
Customer Service*	6 weeks prior	7/21/10
Submit Systems Testing Plan*	6 weeks prior	7/21/10
TPA Coordination*	6 weeks prior	7/21/10
Transition Description*	6 weeks prior	7/21/10
Transition Plan	28 months after	1/1/13
Security, Disaster Recovery & Contingency Outline*	6 weeks prior	7/21/10
Security, Disaster Recovery & Contingency Plan	2 weeks prior	8/15/10
Implement Progress Reporting System	First Monday, weekly thereafter selection date	8/9/10

Deliverable/Action To Take	Completion Interval (Based on an estimated 9/1/10 contract effective date)	Projected Due Date (Based on an estimated 9/1/10 contract effective date)
Submit Materials Development and Production Plan	Within 10 days of MRMIB's request	N/A
Submit Procedures Development Plan	Within 10 days of MRMIB's request	N/A
Submit Updated Systems Testing Plan	2 weeks prior	8/15/10
Revised Final Schedule	0 Week prior, as required	9/1/10
Revised Final Work Plan	0 Week prior, as required	9/1/10
PCIP Implementation Completion	0 months	9/20/10

* Denotes required items that must be part of proposer's Schedule and Work Plan included in the proposal.

O. PROGRESS REPORTING SYSTEM

The selected proposer will be required to utilize a Progress Reporting System to advise the State and selected proposer's management of progress made in meeting goals and schedules contained in the Work Plan. This reporting system shall be initiated one (1) week after selection date and applied weekly thereafter. The Project Reporting System shall consist of the following three elements:

1) The selected proposer shall convene weekly progress meetings, including walkthroughs, as appropriate, attended by the selected proposer and the State.

2) The selected proposer shall provide Progress updates, at each subsequent weekly progress meeting. The updates shall be in the format prescribed by the State.

3) The selected proposer shall provide a Weekly Exception update at each weekly progress meeting. This report will include deliverables, milestones, walkthroughs, and State approvals from the Weekly Progress Report that are past due and shall include any changes to the Work Plan that impact the Schedule. The report contents shall be sorted by due date with the oldest due date first.

P. REPORTING

The MRMIB will require monthly administrative data and other periodic reporting on the eligibility and enrollment process to comply with federal reporting requirements and to administer the PCIP. The AV Contractor will be expected to create and provide a "data warehouse" accessible by the State, which is inclusive of all data fields by subscriber SSN. Such data may include, but is not limited to:

1) Subscriber's SSN;
2) Subscriber's date of birth;
3) Subscriber's age;
4) Subscriber's race/ethnicity;
5) Subscriber's county of residence;
6) Date of disenrollment, by subscriber;
7) Disenrollment reason code (to be supplied by the State); and
8) Premiums paid by the subscriber (records must report the month for which premiums are paid and the month in which payments are received).

Describe how long it would take to develop and provide the requested data warehouse. Selected vendor will be required to prepare and submit the reports required by the federal model contract for California to operate the PCIP until such time as the requested data warehouse is operational.

Q. IMPLEMENTATION AND ACCOUNT MANAGEMENT

1) Provide the name, brief biographical statement and resume for the following:

   a) The person with overall responsibility for the implementation of PCIP;
   b) The key support staff that will have major roles in the implementation process; and,
   c) The person with overall responsibility for the Account Management Team.

2) Describe how proposer will ensure regular communication between the account management team, MRMIB staff and Board and the contracted TPA.

R. PROPOSED PRICING

1) What would be your fixed price for start up costs? Please describe the start-up elements and the timeframe.

2) What would be your fixed price for closing down the PCIP and transitioning subscribers to other programs and the Health Benefit Exchange? Please describe the close down elements and timeframe necessary to ensure that proposer will retain sufficient staff resources to meet performance standards in the contract until final termination of the program, including complete and final reconciliation with the State.

3) Please provide the anticipated fee per case for the Independent External Review (IER).
4) Please provide the per application fee for screening and forwarding applications to the Major Risk Medical Insurance Program.

5) Please provide your PMPM proposal for providing administrative services, excluding the Independent External Reviews and the Applications Forwarded to the Major Risk Medical Insurance Program. Submit a proposed PMPM for the following enrollment levels:

AV Pricing Estimates	
Enrollment Levels	Enrollment and Eligibility
0 – 5,000	$X.XX
5,001 – 10,000	$X.XX
10,001 – 15,000	$X.XX
15,001 – 20,000	$X.XX
20,001 – 25,000	$X.XX
25,000+	$X.XX

PART II:

Solicitation for Third Party Administrator (TPA) Services

The TPA Contractor will be responsible for offering and managing a contracted provider network; processing and paying provider claims; pharmacy benefit management; utilization review and utilization management; benefit management and first-level appeals of coverage decisions; and responding to subscriber and provider questions and complaints regarding the provision of benefits, and coordinating with the Administrative Vendor (AV) on program operations and subscriber communications.

Anticipated TPA Tasks and Services

California is seeking vendors who will assist MRMIB in delivering cost-effective, quality health care services to subscribers enrolled in the California PCIP. In preparing responses to this Solicitation, please review and consider the federal requirements anticipated in the federal Solicitation for States to Operate Qualified High Risk Pools and the requirements outlined in the draft model federal Contract to Operate a Qualified High Risk Pool which will form the basis of California's contract with the federal DHHS.

Estimated fees should include the full cost of the medical administrative services with supporting detail for the anticipated tasks associated with TPA services for the PCIP. MRMIB anticipates that the TPA will provide a full range of services to administer the PCIP health care benefits, including but not limited to, the following:

1. Program administration and claims adjudication (including operating procedures to prevent, detect, recover, and immediately report incidences of waste, fraud and abuse);
2. Reporting and analysis of claims data including development of, and adherence to, performance standards for the timeliness and accuracy of claims payments;
3. Provider network access and administration, including provider credentialing;
4. A technical support center for health care and pharmacy providers that provides at a minimum, provider claims disputes and a complaint resolution process;
5. A fee schedule for all medical and pharmacy services;
6. Identification card (I.D.) preparation, printing and replacements, and mailing to subscribers;
7. Development and distribution of subscriber materials related to benefits and coverage, including an I.D. card, Summary Plan Description, certificate of coverage, and provider directory;
8. 24/7 web-based access to benefit plan information;
9. Explanation of Benefits (EOB) generation;
10. Printed and on-line searchable provider database;

11. Coordination of benefits for health and prescription drug claims with other sources of coverage that may be available to members, such as workers' compensation;
12. Customer service coordination with the Administrative Vendor on benefits/ coverage issues raised by subscribers;
13. First level appeal of benefit denials/decisions;
14. Cooperation and coordination with the Independent External Review (IER) to be administered by the AV, and reimbursement on a per case basis for the costs of the IER;
15. Utilization management, including prior authorization, concurrent review, discharge planning, and medical necessity determinations;
16. Disease management, care management and nurse advice line programs;
17. Pharmacy benefit management, including point of sale and mail order claim systems for prescription drugs;
18. Bank reconciliation;
19. Subrogation pursuit (e.g., Third Party Liability);
20. Internal/external audits including hospital bill audits of claims greater than $50,000;
21. Demonstration of the Contractor's financial capacity and standing;
22. Incurred But Not Reporting (IBNR) accounting "lag reports" and reserve estimates;
23. Coordination of data transfer and transactions with the Administrative Vendor, including monthly reconciliations;
24. Internal control audits – SAS 70;
25. Meeting required reporting standards;
26. Consistent with pending federal guidelines and requirements, work with MRMIB to manage the transition process for moving all PCIP subscribers into available health coverage options at the conclusion of the PCIP, currently scheduled for January 2014;
27. Attendance at conference calls with the federal government and Board meetings as requested by the State; and
28. Ability to be present at the MRMIB offices within 24 hour notice.

TPA Vendor Fact Sheet

(To be completed by all TPA proposers)

Please answer each inquiry clearly and completely. Responses should be concise and to the point. When responding to the fact sheet, you should repeat each inquiry asked and then respond directly. Please do not refer to other source documentation in lieu of responding to inquiries.

If you are unable to answer an inquiry, please indicate why you cannot. Additionally, if you are unwilling to disclose the particular information requested, please indicate your reasons. If there is additional relevant information or documentation that you feel would aid MRMIB in the selection process, please provide that information separately when appropriate. Please do not list specific page number references. Your response to this Part may not exceed 150 single sided pages exclusive of attachments.

MRMIB reserves the right to request additional information and/or clarification from finalist vendors and to utilize a vendor's proposal responses to this questionnaire as an indication of the vendor's internal processes and procedures.

All services provided by the TPA contractor must comply with applicable state and federal laws. Please review and take into consideration requirements that are likely to be imposed on the State of California in its contract with the federal Centers for Medicare and Medicaid Services (CMS), as outlined in the federal Solicitation for States to Operate a Qualified High Risk Pool, and the draft Model Contract to Operate a Qualified High Risk Pool.

A. Proposal Overview and Summary

Please provide a basic description (no more than three pages) of the program arrangements and organizational design you are proposing to perform the TPA functions, including a general schematic of program functions and responsible departments or subcontracting partners.

B. Basic Organizational Background and Information

1) Core Business Description

Describe your organization's core business. When and where was your organization founded? Where is the current headquarters of your organization and the locations of other business location(s) in California? How is your organization licensed in California? Describe the type of license and the regulatory agency that issued the license. Is your organization ISO 9000 Certified for Quality Management Systems?

Specify whether certification is for the entire organization or specific projects.

2) Ownership and Organizational Structure Description

Describe your ownership and organizational structure (parent companies, affiliates, profit/not-for-profit status, subsidiaries, etc.) Also indicate, within the organizational structure, which division will be responsible for the successful implementation and operation of the PCIP TPA services.

3) Financial Stability Description

Describe the financial stability of your organization. Submit as an attachment the financial stability statement incorporating the data described below for the past three full corporate fiscal years and the interim period from the end of the last full fiscal year, up to and including the date specified for submission of the proposal.

If your organization is a subsidiary of any other legal entity and the financial resources of the parent corporation are required or referenced to qualify the subsidiary for competition under this solicitation, the financial stability submission requirements for this section shall apply to the parent corporation as well as the proposer. If there is more than one parent corporation, this section shall apply to all parent corporations including the ultimate parent corporation.

Provide the following items for each organization, parent company, affiliate and subsidy described above in #2:

a) Annual report and annual certified financial statements for the past three fiscal years, accompanied by a report, certificate, or opinion of an independent certified public accountant or independent public accountant.

b) All public interim financial statements for the interim period from the end of the last full fiscal year, up to and including the date specified for submission of proposal.

c) A statement of all projected financial data for the calendar years 2010 through 2014. Proposer may use information which has been made available to any of its security or shareholders or the investment community, the Securities and Exchange Commission, or similar institutions. This information shall be submitted in accordance with the Securities and Exchange Commission guidelines for publicly traded companies. Provide the following items:

    i) The narrative description that includes: size computations, historical bases for estimates and projections, assumptions, contractual obligations (existing and anticipated), and related information for the next seven years predicated upon

operation without the award of this contract.

ii) A projected pro forma financial statement and statement of changes in financial position for the next seven years predicated upon operation without the award of this contract.

iii) A detailed financial plan and proposed cash flow budget for the next seven years demonstrating the availability and source of sufficient funds to cover the proposer's projected operation costs without risk of insolvency were the proposer to provide the contractual services under the contract period.

iv) All management letters that accompany financial statements.

v) A statement of all significant contractual obligations that could have a material effect on proposer's financial status.

All financial data submitted in the Financial Stability Description in connection with the proposal shall be accompanied by a signed statement from the proposer's or parent corporation(s)'s chief executive officer and chief financial officer certifying that the data is current, accurate and complete.

4) Subsidiary Relationship Description

If the proposer is a subsidiary of another entity, the proposer must submit a guaranty from that entity providing for the full and prompt performance of all covenants, terms and conditions and contracts resulting from this Contract throughout its term. The guaranty shall be in a form satisfactory to the State and from a parent entity at a level in the chain of ownership that is acceptable to the State.

5) Organizational Experience and Qualification Description

Describe in detail the proposer's experience that qualifies the proposer to undertake and complete the implementation and operation of the PCIP, and the design, development, installation, and operation of the requirements specified in the solicitation. This statement shall also include the names, addresses and telephone numbers of at least three organizations that may be contacted as references for each type of business experience listed. Indicate the type of contract under which the work was performed, client size, number of transactions per year, and complexity and scope of the system.

6) Organizational Management and Staff Description

Describe in detail the management team and the number of full time equivalent employees (FTEs) that are proposed in each of the divisions that would be

responsible for providing the TPA services for the PCIP. Submit a complete description and organizational chart of the management team that will be assigned to the contract, including all senior management positions that will be responsible for all administrative services contracted under this Contract. Proposer shall thoroughly describe the qualifications, experience and skills of the individual members of the management team for their proposed position titles. Describe in your response how you will ensure regular communication between the Account Management Team and MRMIB staff and the Board.

7) Subcontractor Description

Describe in detail and specify which services, if any, are proposed to be subcontracted and identify the proposed subcontracting organization(s). Provide a detailed background and history on the subcontracting organization(s), including information required in Items 1, 2, 3, 5 and 6 listed above.

8) Site Location Description

Identify the location where your organization would physically provide the TPA services for the PCIP. Please describe in detail the physical size of the facility and the appropriateness of site and location for providing the contracted TPA services, including the current ownership of the proposed facility.

9) Litigation History Description

Have any judgments been taken against your organization, or settlements of lawsuits entered into, in the last three (3) years? Have any other lawsuits been filed against your organization with respect to your administrative services contracts in the last three (3) years? Is there any other currently pending litigation against your organization, regardless of filing date? If you have answered any of these questions in the affirmative, provide all identifying information, including court and case number for any lawsuit. For any lawsuit identified here, please describe the situation at issue, the current status, and the final outcome (if any). Please provide all relevant dates, such as filing date and date of judgment or settlement.

10) Bicultural and Bilingual Communication Description

Describe your organization's approach, experience and ability to effectively communicate with the culturally and linguistically diverse California population. Provide specific information regarding the following languages: English, Spanish, Chinese (Cantonese and Mandarin), Korean, Vietnamese, Cambodian, Hmong, Russian, Armenian and Farsi.

11) Mail Operations and Management Description

Provide a detailed description of the proposed methods of operating and managing the program mail functions, including but not limited to mail operations (incoming and outgoing); inventory; inventory control process; number of management levels; and the number of employees for each level, including quality control and support staff levels.

12) Administrative and Management Description of Proposed Administrative Services

Provide a detailed description of the proposed methods of operating and managing the TPA services requirements contained in your PCIP proposal. Explain the bidder's comprehensive approach to providing the TPA services and the benefits to the proposed approach.

C. TPA Vendor Proposal Detail

Please describe in detail the Proposer's approach and how you will provide the anticipated TPA tasks and services listed above, consistent with the federal Solicitation for States to Operate a Qualified High Risk Pool and the federal model Contract to Operate a High Risk Pool. Include specific information and detail on your experience in providing the anticipated TPA tasks and services.

Within 10 days of a request from MRMIB staff, the selected vendor will be required to submit an implementation plan for the operation of the high risk pool. The selected TPA vendor will participate in regular meetings with MRMIB staff (progress meetings) to track and monitor progress on the implementation plan and project deliverables.

The TPA Contractor shall administer the benefits described in Appendix A. The Contractor shall begin to accept enrollments into the PCIP with the goal of providing coverage to subscribers starting in September 2010.

A. PROVIDER NETWORKS

Subscriber access to network providers must be consistent with industry best practices for an accessible delivery system. For in-network benefits offered, the network of participating providers must meet, at a minimum, the provider network access standards that apply to health insurers offering a PPO network who are certificated by the California Department of Insurance, as outlined in regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 2, Article 6). The network must include a full range of providers, including but not limited to, primary care physicians, specialists, hospitals, and behavioral health, ancillary, and pharmacy providers. The MRMIB may impose specific access standards and requirements in the TPA contract.

1) How will you ensure that the network includes a sufficient number and range of providers to ensure that all covered services are reasonably available and accessible to subscribers?

2) Describe your methodology for ensuring the adequacy of the provider network, including the availability of providers appropriate to meet the needs of subscribers with pre-existing conditions who may have higher utilization of specialists, ancillary providers and hospitals than the average population.

3) How many total members does your network currently serve in California?

4) Please provide the details of your provider network in effect in California, by county, as of June 30, 2010 in an electronic format, using the table below. For each county, list the number of network providers in the table below by the following categories:

   a) Primary care physicians [defined as Internal Medicine (IM), General Practice (GP), Family Practice (FP), Pediatricians (Peds), and Obstetrician/Gynecologist (OB/GYN)];
   b) Specialists;
   c) Hospitals;
   d) Outpatient Facilities;
   e) Labs/radiology/diagnostic centers; and,
   f) Ancillary providers (physical therapy, speech and occupational therapy).

5) Which areas of the state do you consider to be "underserved" based on your current membership and provider network as of June 30, 2010? How do you handle providing services to members in those areas? What are you doing to increase provider contracts/coverage in those areas?

6) How do you address specific requests to add providers to the network?

7) Describe your credentialing process for providers. What are your requirements for a physician to be included in the network? Hospital requirements? Other facilities?

8) What is the average length of time it takes to add a physician to your network?

9) What "Centers of Excellence" does your network include? For what conditions/procedures and in which counties? Describe the program and provide the names of the facilities and the types of procedures that will be referred to the Centers of Excellence.

10) How do you ensure your networks are culturally and linguistically appropriate?

11) How would you discourage out of network utilization?

12) What is the current out of network utilization for subscribers served by your California network?

13) The TPA Contractor must operate a technical support center to respond to health care and pharmacy provider inquiries about subscriber benefits and coverage, including exceptions and prior authorizations, and subscriber coverage appeals. Describe how you would structure a provider technical support center. Include the hours of operation and functions and the methods through which you communicate with participating providers and answer provider inquiries.

14) Describe your process for preventing network providers from charging subscribers for the difference between the allowed benefit and the provider's actual charge (balance billing).

15) Describe your process for ensuring that subscribers who are undergoing treatment for a chronic or disabling condition or who are in the second or third trimester of pregnancy are allowed to continue to see their specialty provider for up to 90 days or through their postpartum care at the time a Contractor terminates either the subscribers' specialty provider contract or a Preferred Provider Organization (PPO) network contract.

PPO Providers by County as of June 30, 2010

County	Primary Care Physicians	Specialist	Hospitals	Outpatient Facilities*	Ancillary services (PT,OT, ST)	Labs
ALAMEDA						
ALPINE						
AMADOR						
BUTTE						
CALAVERAS						
COLUSA						
CONTRA COSTA						
DEL NORTE						
EL DORADO						
FRESNO						
GLENN						
HUMBOLDT						
IMPERIAL						

County	Primary Care Physicians	Specialist	Hospitals	Outpatient Facilities*	Ancillary services (PT,OT, ST)	Labs
INYO						
KERN						
KINGS						
LAKE						
LASSEN						
LOS ANGELES						
MADERA						
MARIN						
MARIPOSA						
MENDOCINO						
MERCED						
MODOC						
MONO						
MONTEREY						
NAPA						
NEVADA						
ORANGE						
PLACER						
PLUMAS						
RIVERSIDE						
SACRAMENTO						
SAN BENITO						
SAN BERNARDINO						
SAN DIEGO						
SAN FRANCISCO						
SAN JOAQUIN						
SAN LUIS OBISPO						
SAN MATEO						
SANTA BARBARA						
SANTA CLARA						
SANTA CRUZ						
SHASTA						
SIERRA						
SISKIYOU						

County	Primary Care Physicians	Specialist	Hospitals	Outpatient Facilities*	Ancillary services (PT,OT, ST)	Labs
SOLANO						
SONOMA						
STANISLAUS						
SUTTER						
TEHAMA						
TRINITY						
TULARE						
TUOLUMNE						
VENTURA						
YOLO						
YUBA						
Total						

*Outpatient Facilities consist of skilled nursing facilities, free standing surgery centers, and urgent care facilities.

Please provide the AVERAGE discount from billed charges for the following California Metropolitan Service Areas (MSAs) and the % of dollars paid as in network per MSA.

MSA	Inpatient		Outpatient		Professional	
	Average	%	Average	%	Average	%
Bakersfield						
Chico-Paradise, Yuba City						
Fresno						
Los Angeles-Long Beach						
Modesto-Merced						
Oakland, Vallejo						
Orange County						
Riverside-San Bernardino						
Sacramento, Sacramento-Yolo						
Salinas, San Jose						
San Diego						
San Francisco						
San Luis Obispo, Santa						

MSA	Inpatient		Outpatient		Professional	
	Average	%	Average	%	Average	%
Barbara						
Santa Rosa						
Stockton-Lodi						
Visalia-Tulare						

B. UTILIZATION MANAGEMENT/DISEASE MANAGEMENT/CARE MANAGEMENT

The TPA Contractor shall implement and administer utilization management, disease management and care management services that will ensure PCIP subscribers have access to necessary services and prescription drugs in a cost-effective manner. The basic requirements for utilization management shall focus on prior authorization and concurrent review of inpatient medical services and management of specialty referrals. The Contractor shall also provide discharge planning and care coordination services to subscribers leaving the inpatient setting and case management services for selected subscribers with chronic illnesses or co-occurring behavioral health diagnoses. This shall include the coordination of medically necessary home and community-based services.

The Contractor will develop a network of primary care providers who will be responsible for assisting subscribers in managing primary and specialty care.

1) Describe your program information, interventions and resources for each of the following:

    a) Utilization Management;
    b) Disease Management; and,
    c) Care Management.

2) On which high cost conditions does your disease management program focus?

3) Describe the utilization management (UM) policies, procedures, criteria, and qualifications and anticipated number of full time equivalent (FTE) staff members by classification that will be used to administer UM services.

4) Describe the criteria for defining medical necessity and approving, modifying, or denying requested services.

5) How do you communicate to providers about the procedures and services that require prior authorization and ensure that all providers are aware of the procedures and timeframes necessary to obtain prior authorization for these services?

6) Describe your processes for all of the following:

    a) Tracking and monitoring the number and type of specialty referrals made, the timeliness of the specialty referrals, and whether appropriate follow up occurs for each specialty referral;

b) Mechanisms to detect both under- and over-utilization of health care services, focusing in particular on emergency room over-utilization and inappropriate inpatient admissions and lengths of stay;
c) Periodic reviews of emergency room usage and implement measures to reduce inappropriate ER use if detected;
d) Mechanisms to notify primary care providers when utilization of services falls outside of established practice guidelines, so that primary care providers can work with subscribers to ensure appropriate service utilization.

7) Describe any current working relationships with pharmacy benefit managers for existing clients. Describe how utilization management activities and analysis are coordinated with these organizations.

8) Describe how you use information on prescription drug use.

9) Describe your experience managing mental health benefits. Include a description of your approach for prior authorization of inpatient mental health stays and your approach for medication management.

10) Describe your standards for timeliness of appointment scheduling and after-hours access.

11) Describe your policies for ensuring confidentiality of health care information as required under state and federal law, including HIPAA, including the process for responding to requests for information by subscribers.

12) If you propose to provide a 24-hour nurse advice line, describe the features of this service.

13) Describe how you will coordinate with an independent external review (IER) of adverse determinations and coverage decisions resulting from the TPA's utilization review process that will be provided through the PCIP Administrative Vendor.

C. PHARMACY BENEFITS MANAGEMENT (PBM)

The TPA Contractor will provide a pharmacy benefits management program (hereafter "PBM") consisting of a retail pharmacy network and a mail order pharmacy to subscribers effective on or after the effective date of this contract. The PBM shall not be majority-owned or majority-controlled by a pharmaceutical manufacturing company. The Contractor may subcontract with a PBM. The PBM shall meet all of the requirements outlined in the federal solicitation for states to operate a qualified PCIP and the model contract for states.

1) How do you propose to manage prescription drug benefits?

2) How would you structure the pharmacy benefit and management of pharmacy benefits given the separate $500 deductible for brand-name drugs and the $5 copayment for generic drugs? What recommendations do you have regarding how to structure the drug benefit in the program (e.g. tiered cost sharing and pricing, separate drug deductibles or out of pocket maximums, or other features)?

3) How do you use pharmacy data to identify, address and intervene with subscribers who have chronic conditions?

4) Please describe the drug formulary to be used in the program. How is the formulary developed? Using what standards or processes? What criteria are used? How often is the formulary updated and how is it updated?

5) Describe the drug utilization review program that will be employed, including the point-of-sale review, concurrent review and retrospective review elements.

6) Describe how the PBM will promptly review and respond to requests for prior approval for prescription drugs.

7) Identify and include the pharmacy network that will be offered including the mail order pharmacy provider(s) as an attachment. Are there major California pharmacy providers excluded and, if so, which ones?

8) What rebate or non-rebate strategies are employed to reach the lowest possible wholesale price? Provide information on the average wholesale prices that will be available to the program. Do you recommend a non-rebate or rebate approach for this population? Why?

9) What capabilities will the PBM have to adjust to and accommodate periodic revisions and changes to the pharmacy benefit structure?

10) What procedures will the PBM institute to prevent, detect and reduce fraud, waste and abuse?

11) How will the PBM notify subscribers regarding drug utilization decisions and coverage denials? How will subscribers be notified of their rights to appeal a decision, including the independent external review process to be offered by the contracted administrative vendor?

12) Describe the drug utilization management program, including the process for determining which drugs are included on the formulary and procedures for updating the formulary, and systems for identifying and rectifying consumer safety

issues. Identify who makes decisions about which drugs are on the formulary and what are their qualifications?

13) Describe the quality assurance program implemented by the PBM to measure the quality of drug therapy provided to subscribers.

14) What are your existing performance measures in the following areas:

Retail Pharmacy:

a) Point of Service (POS) system response time. The PBM's network electronic transaction system shall provide prompt response to network pharmacies. Describe your expected response timeframes.
b) POS system availability. The PBM's network electronic transaction system is available to, and accessible by, network pharmacies.
c) Licensing – The PBM verifies the appropriate licensing of its network pharmacies.

Mail Service Pharmacy:

a) Dispensing accuracy – What percent of time, on average, does the PBM dispense its prescriptions to the correct patient and for the correct drug, drug strength and dosage in accordance with the physician's prescription?
b) Turnaround time – How quickly does the PBM dispense and ship prescriptions not requiring intervention or clarification? What percent of prescriptions meet that timeframe?

D. CLAIMS PROCESSING

The TPA Contractor shall develop and implement a system for processing and paying covered health claims on behalf of the PCIP program. This system shall encompass claims receipt through final payment, or denial, through a fully automated claim adjudication system that is consistent with industry standards for comparable commercial health insurance carriers or health plan administrators. The adjudication system shall allow the Contractor to assure that claims are adjudicated in a timely and accurate manner, and all necessary functions are performed to assure timely and accurate claims adjudication, including timely and accurate claims payment. The Contractor is responsible to ensure that at all times claims handling and claims payment processes and policies comply with all applicable State and federal laws.

1) Describe the claims adjudication process in detail from intake through adjudication, including how you propose to implement the following:

a) automated eligibility verification that coverage has not terminated on the date of service;
b) benefit plan information stored on the system;
c) automatic calculation and tracking of subscribers' deductibles, coinsurance, copayments, and out-of-pocket limits and any other internal limits such as limits on days, sessions, visits, etc., consistent with industry standards;
d) individual claim history stored on the system and automatically updated;
e) ability to distinguish claims by diagnosis code;
f) automated calculation of cost containment provisions;
g) identification and collection of claim overpayments;
h) procedures for review of "medically necessary" determinations; and
i) automated production of an Explanation of Benefits.

2) Define date of receipt and date of processing for purposes of calculating claim turnaround time. What is the standard you impose for turnaround time to process a claim? What is your actual performance?

3) Describe your internal audit and quality review procedures. What is your goal for claims processing accuracy relative to 1) payment errors, and 2) coding/procedural errors? What is your actual performance?

4) Please provide your proposed standards for each of the following and identify the extent to which you currently monitor and comply with the standards:

a) xx percent (xx%) of all eligible clean claims shall be paid within 10 calendar days of receipt.
b) xx percent (xx%) of all eligible clean claims shall be paid within 30 calendar days of receipt.
c) xx percent (xx%) of individual clean claim payments for a month shall be accurate.
d) xx percent (xx%) of all claims processed shall be procedurally accurate (e.g., non-financial service lines including, but not limited to, patient name, SSN, date of service, charge, course code, diagnostic code, service code, remark code in EOB).

5) Describe the process, criteria and timeframe for adjudicating non-network emergency service claims.

6) Describe how you ensure that the claims processing system complies with state and federal privacy and security requirements.

7) Describe your ability to implement service changes within 60 days, and the circumstances or types of changes that cannot be implemented within that timeframe.

8) Describe your fraud prevention and detection procedures. Describe the process for bringing to the attention of MRMIB information on fraudulent activities and recovering expenditures from providers and subscribers in the case of fraudulent activities.

9) Describe the provider and subscriber claim submission process. Describe the process used in responding to and resolving provider and subscriber (claims-related) inquiries, providing explanation of benefits notices, and the process for reviewing and adjusting claims based on provider appeals.

10) Briefly discuss how you gather information concerning Coordination of Benefits (COB) and Third Party Liability (TPL) and your verification procedures for subscriber-provided information. Please provide a list of procedures or diagnoses that will be reviewed for potential third party liability.

E. CUSTOMER SERVICE

The TPA Contractor will be required to coordinate with the eligibility and enrollment administrative vendor (AV) to respond to Subscriber inquiries and complaints through a single point of contact administered by the AV, and to administer first-level appeals of benefit and coverage determinations.

1) Describe how you will coordinate with the AV to promptly respond to and address subscriber concerns regarding benefits, coverage, payment and quality of care.

2) Describe the complaint/grievance process for subscribers and providers to express dissatisfaction with services received from the Contractor or appeal the denial, deferral, or modification of requests for services that require prior authorization. What is your time standard for responding to subscriber complaints? How often do you meet the standard?

3) Describe the tracking and reporting processes you will use to monitor subscriber and provider complaints and grievances.

4) Describe how you will meet the federal contract requirement to respond to subscriber correspondence within 20 days.

5) Indicate what information about network providers you will be able provide a caller upon request.

6) Describe how you will meet the requirement to provide customer service and PCIP program information in languages other than English to meet the needs of the PCIP

population and to also make customer service and program information available in formats that are accessible by people with disabilities.

7) Describe how subscriber complaints or grievances received after hours are handled.

8) What information does your company make available to subscribers on-line? Please provide the website address. What information would be made available online to PCIP subscribers? How would you coordinate with the AV vendor who will have primary responsibility for the program website?

9) Describe how you will coordinate with the AV on the IER. The TPA will be responsible for the costs of the IER on a case rate basis.

10) Discuss your ability to print and distribute subscriber identification cards, program information and provider directories to subscribers upon enrollment.

11) How do you encourage subscribers to select a primary care provider in the PPO network?

12) Describe how you assess subscriber satisfaction including claims payment services, issues relating to the network, and customer service. Provide a copy of your latest customer satisfaction survey.

F. QUALITY ASSURANCE

The TPA Contractor will be required to develop and implement an active quality assurance program.

1) Describe your process to monitor the delivery of health care services to ensure that services delivered by network providers are medically necessary and are provided at a level of care that meets professionally recognized standards of practice.

2) What mechanisms will be established to review, evaluate, and improve access to and availability of services, including monitoring methods and approaches to ensure that subscribers are able to obtain appointments within reasonable timeframes for all covered services?

3) Describe how you will implement policies to ensure that providers maintain complete and up-to-date medical records for each subscriber and that records are available to each health care practitioner who is responsible to provide care to the subscriber.

4) Identify mechanisms to assure compliance with program policies and take appropriate actions to address abuses.

5) Do you report HEDIS or any other performance measures to any of your current California clients? If so, provide a copy of your most recent HEDIS or other performance measures results.

G. IMPLEMENTATION

1) Identify the elements of the implementation plan you will submit within 10 calendar days of the award of this contract.

2) Describe your disaster recovery protocols, procedures and back-up systems.

3) Provide a specific timeline with major tasks and milestones to demonstrate that TPA services will be available for the PCIP by September 2010.

H. TRANSITION

Describe how the proposer will implement by January 1, 2013 a state-federal plan to transition program subscribers to other health coverage consistent with the federal PPACA. Include a written narrative that addresses specific assumptions and provide detailed, step-by-step transition procedures to successfully move all PCIP subscribers into their new coverage without any break in coverage. Note that the federal solicitation and model contract require the state to cooperate with DHHS in providing for the transition.

The transition requirements and tasks to be addressed include, but are not limited to:

1) Planned activities and a schedule of events consistent with the program timeline and duration;

2) Quality Assurance procedures as well as a plan to ensure complete state review and acceptance of each procedure;

3) Handling applicant/subscriber inquiries and correspondence;

4) Implementing and maintaining records retention responsibilities;

5) Implementing and maintaining security and confidentiality responsibilities;

6) Maintaining sufficient staff resources to comply with all contract standards and requirements until the final termination of the program and the contract;

7) Producing required reports; and,

8) Any special proposer/subscriber services occurring during the transition period as required by the State.

I. REPORTING

The MRMIB will require monthly claims data and other periodic reporting on the utilization and cost of the PCIP, for administration of the PCIP, quality monitoring and to meet federal reporting requirements. Formatting and timing of reports will be determined by MRMIB.

1. Progress Reporting

The Contractor will be required to submit progress reports to the State on the status of implementing and carrying out the PCIP. The first progress report will be due 90 calendar days after the award of the contract.

At a minimum, progress reports shall include:

a) Evidence that the major milestones of the implementation plan have been met and clear identification of milestones yet to be met;

b) An updated timeline for implementing the program and meeting other identified milestones;

c) Risks and problems identified or encountered by the Contractor and mitigation strategies implemented to address those risks and problems;

d) In the first progress report of each year, updated annual cost projections, based on actual expenditures and enrollment. If a shortfall is projected, a plan with specific cost-containment strategies will be submitted to the State that assures PCIP expenditures stay within allotment levels.

2. Data Warehouse

The Contractor will be required to provide a "data warehouse" accessible by the State which is inclusive of all data fields by Subscriber SSN (including eligibility data that will be transmitted to the TPA from the AV). Such data may include, but is not limited to:

a) Subscriber's SSN;
b) Subscriber's date of birth;
c) Subscriber's age;
d) Subscriber's race/ethnicity;
e) Subscriber's county of residence;

f) Premiums paid by subscriber (records must report the month for which premiums are paid and the month in which payments are received);
g) Services provided, by subscriber, utilization code and price of service (records must include date of services and/or date and time of admission and date and time of discharge, if applicable. In addition, records must reflect place of treatment, type of treatment, procedure code and primary diagnosis.);
h) Pharmacy charges by Subscriber, by National Drug Code (NDC) and price of drug (records must include date of service);
i) Date of disenrollment, by Subscriber; and,
j) Disenrollment reason code (to be supplied by the State).

Describe how long it would take to develop and provide the requested data warehouse. The selected vendor will be required to prepare and submit the reports required by the Federal model contract for states to operate a Qualified High Risk Pool until such time as the requested data warehouse is operational.

3. Monthly Reports

The Contractor will be required to submit monthly reports to the State until the expiration of the contract. The monthly reports shall provide information about the services subscribers in the PCIP received in the previous calendar month of operations and contain a complete accounting of PCIP expenditures and revenue, including but not limited to the following:

- Medical claims paid on behalf of PCIP subscribers;
- Prescription drug claims paid on behalf of PCIP subscribers;
- Estimated claims incurred but not reported;
- The number of PCIP program subscribers;
- The amount of administrative costs; and,
- Average out-of-pocket costs for subscribers.

Provide the following information related to your reporting system and experience:

a) Describe your standard claims payment, utilization and financial reporting system, including specified data elements you can and do provide to help clients manage a PPO health coverage program.

b) Describe your ability to customize financial reports, including any interactive reporting capabilities for communication with the MRMIB and the contracted AV.

c) Describe your ability to provide the following reports. Indicate the data fields that could be incorporated in the report and the time lag between the end of the period and the date the report can be submitted. If possible, provide a copy of a similar report (or report layout) provided to another of your clients as an

attachment:

1. Claims reports, including claims detail reports, claims aging history reports, and override activities of specific edits or audits;
2. Financial reports on cost-avoidance and third-party recovery activities;
3. Ongoing trend analysis charts identifying frequency of errors;
4. Claims payment summary reports;
5. Utilization reports summarizing inpatient utilization, emergency room visits, outpatient and prescription drug utilization;
6. Utilization management, disease management and care management reports;
7. Reports on the size and composition of the provider network;
8. Summaries of complaints and grievances filed by subscribers and providers; and,
9. Summary of catastrophic claims.

Describe your policies and procedures to ensure that records for the program are retained and available for at least six years from the closure of the PCIP.

J. PRICING

1) What would be your fixed price for start up costs? Please describe the start-up elements and the timeframe. Describe how you will ensure sufficient staff and resources capacity to meet all contract terms until the final claims closeout which may be up to 18 months after the termination of the program.

2) What would be your fixed price for closing down the program and transitioning subscribers to other programs and the health insurance exchange? Please describe the close down elements and timeframe necessary to ensure that proposer will retain sufficient staff resources to meet all performance standards in the contract until final termination of the program, including complete and final reconciliation with the State and payment of all claims.

3) Please complete the table below with your PMPM bid for providing the following services assuming the corresponding enrollment levels by month. These bid rates will be in effect for the entire length of the contract. Include a brief description of the services included, such as 24 hour nurse advice line, which should be included as part of your disease management component.

TPA Pricing Estimates				
Enrollment Levels	Medical Service Admin.	PBM Admin.	Utilization Management	Disease Management
0 – 5,000	$X.XX	$X.XX	$X.XX	$X.XX
5,001 – 10,000	$X.XX	$X.XX	$X.XX	$X.XX
10,001 – 15,000	$X.XX	$X.XX	$X.XX	$X.XX
15,001 – 20,000	$X.XX	$X.XX	$X.XX	$X.XX
20,001 – 25,000	$X.XX	$X.XX	$X.XX	$X.XX
25,000+	$X.XX	$X.XX	$X.XX	$X.XX

Please provide your prescription drug pricing as a percent of discount off Average Wholesale Price (AWP) for both a rebate and non-rebate option in the table below.

Prescription Drug Pricing		
	Brand	Generic
Rebate Option	AWP – XX.X%	AWP – XX.X%
Non-Rebate Option	AWP – XX.X%	AWP – XX.X%

For the rebate option prices above, what rebate percentage will be available? Please complete the table below.

Rebate Option Pricing		
	Brand	Generic
Rebate Percentage		
* Rebate percentage is calculated as rebate amount divided by gross drug spend (after discount but before rebate)		

Appendix A

California PCIP
Preliminary Summary of Benefits

Type of Service	Description of Service	What You Pay Participating Provider	What You Pay Non-Participating Provider
Annual Deductible	The amount that a member must pay for covered services except for preventive care services before the plan will cover those services at the copayment or coinsurance amount in one calendar year	$1,500 per member	Not Applicable
Annual Deductible - Brand Name Prescription Drugs	The amount that a member must pay for brand name drugs before the plan will cover those drugs at the copayment or coinsurance amount in one calendar year	$500 per member	Not Applicable
Copayment/Coinsurance	Member's amount due and payable to the provider of care	See Below	
Annual Maximum Copayment/ Coinsurance Limit	Member's annual maximum copayment/coinsurance limit when using participating providers in one calendar year • The annual maximum copayment/coinsurance includes the $500 brand name prescription drugs annual and the $1,500 annual deductible • If nonparticipating providers are used, billed charges which exceed the customary and reasonable charges are the member's responsibility and do not apply to the annual maximum copayment/coinsurance limit	$2,500 per member	No annual maximum copayment/coinsurance limit for non-participating providers. You pay unlimited coinsurance
Annual Benefit Maximum	There is no annual benefit maximum in this program	N/A	N/A
Lifetime Benefit Maximum	There is no lifetime benefit maximum in this program	N/A	N/A
Preventive Care Services**	Services • Breast Exams, Pelvic Exams, Pap Smears, and Mammograms for Women, Human Papillomavirus (HPV) screening test, Ovarian and Cervical Cancer Screening, Cytology Examinations, Family Planning Services, Health Education Services, Periodic Health Examinations and Laboratory Services in connection with them, Hearing and Vision Exams for Children, Newborn Blood Tests, Prenatal Care (care during pregnancy), Prostate Exams for Men, Sexually Transmitted Infections (STI) tests, Human Immunodeficiency Virus (HIV) Testing, Well-Baby and Well-Child Visits, Certain Immunizations for children and adults, and Disease Management Programs	N/A	50% of customary and reasonable charges and any in excess
Hospital Services	• Inpatient medical services (semi-private room) • Outpatient services; ambulatory surgical centers	• 15% of negotiated fee rate • 15% of negotiated fee rate	• 50% of customary and reasonable charges and any in excess • 50% of customary and reasonable charges and any in excess
Physician Office Visits	Services of a physician for medically necessary services	$25 copayment per visit	50% of customary and reasonable charges and any in excess
Diagnostic X-ray and Lab Services	Outpatient diagnostic X-ray and laboratory services	15% of negotiated fee rate	50% of customary and reasonable charges and any in excess
Prescription Drugs	• Maximum 30 day supply per prescription when filled at a participating pharmacy • At least a 60-day supply for mail order	• $5 for generic drugs $15 for brand drugs after the $500 brand name deductible is met • $5 for generic drugs through mail service prescription drug program $15 for brand drugs through mail service prescription drug program after the $500 brand name deductible is met	All charges except 50% of drug limited fee schedule for generic or brand name drugs
Durable Medical Equipment and Supplies	Must be certified by a physician and required for care of an illness or injury	15% of negotiated fee rate	50% of customary and reasonable charges and any in excess
Pregnancy and Maternity Care	• Inpatient normal delivery and complications of pregnancy • Prenatal care ** • Postnatal care	• 15% of negotiated fee rate • N/A • 15% of negotiated fee rate	• 50% of customary and reasonable charges and any in excess • 50% of customary and reasonable charges and any in excess • 50% of customary and reasonable charges and any in excess
Ambulance Services	Ground or air ambulance to or from a hospital for medically necessary services	15% of negotiated fee rate	50% of customary and reasonable charges and any in excess
Emergency Health Care Services*	Initial treatment of an acute serious illness or accidental injury. Includes hospital, professional, and supplies	15% of negotiated fee rate	50% of customary and reasonable charges or billed charges, whichever is less plus any charges in excess of customary and reasonable for the first 48 hours

California PCIP
Preliminary Summary of Benefits

Type of Service	Description of Service	What You Pay Participating Provider	What You Pay Non-Participating Provider
Mental Health Care Services* **	• Inpatient basic mental health care services 10 days each calendar year • Outpatient basic mental health care services 15 visits each calendar year *** Unlimited inpatient days and outpatient visits for Severe Mental Illnesses and Serious Emotional Disturbances in children	• 15% of negotiated fee rate and all costs for stays over 10 days • 15% of negotiated fee rate for 15 visits per year and all costs over 15 visits	• 50% of customary and reasonable charges and any in excess and all costs for stays over 10 days • 50% of customary and reasonable charges and any in excess and all costs over 15 visits
Home Health Care	Home health services through a home health agency or visiting nurse association	15% of negotiated fee rate	50% of customary and reasonable charges and any in excess
Hospice	Hospice care for members who are not expected to live for more than 12 months	15% of negotiated fee rate	50% of customary and reasonable charges and any in excess
Skilled Nursing Facilities	Skilled nursing care	Not covered unless determined to be a medically appropriate more cost-effective alternative plan of treatment	
Infusion Therapy*	Therapeutic use of drugs, or other substances ordered by a physician and administered by a qualified provider	15% of negotiated fee rate	50% of customary and reasonable charges and any in excess for all infusion therapy related administrative, professional, and drugs
Physical/Occupational/ Speech Therapy	Services of physical therapists, occupational therapists, and speech therapists as medically appropriate on an outpatient basis	15% of negotiated fee rate	50% of customary and reasonable charges and any in excess

* For exact terms and conditions of coverage, refer to your Certificate of Coverage booklet.
** These preventive care services are covered even if you have not met the annual deductible.